

**YOUNG WOMEN'S CHRISTIAN ASSOCIATION
OF NORTHWEST LOUISIANA, INC.
SHREVEPORT, LOUISIANA
DECEMBER 31, 2006 AND 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/29/07

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

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June 22, 2007

The Board of Directors
Young Women's Christian Association of
Northwest Louisiana, Inc.
Shreveport, Louisiana

Independent Auditor's Report

We have audited the statements of financial position of the Young Women's Christian Association of Northwest Louisiana, Inc. (YWCA) at December 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Young Women's Christian Association of Northwest Louisiana, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Young Women's Christian Association of Northwest Louisiana, Inc. at December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2007 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENTS OF FINANCIAL POSITION

AT DECEMBER 31, 2006 AND 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
<u>Current assets:</u>		
Cash on hand	426	1,129
Cash in bank	20,353	3,037
Merrill Lynch	<u>27,951</u>	<u>111,716</u>
Total cash and cash equivalents	48,730	115,882
Grants receivable-Note 4	95,310	131,898
Employee receivables	1,095	3,689
Prepaid expenses	<u>11,944</u>	<u>11,704</u>
Total current assets	157,079	263,173
<u>Fixed assets:</u>		
Travis Street-Note 5	1,662,774	1,662,774
Pierre Avenue	1,381,617	1,381,617
Furniture, fixtures and equipment	477,515	477,086
Cotton Street	-	254,446
Crisis intervention center-construction in progress	<u>87,053</u>	<u>87,053</u>
Total fixed assets	3,608,959	3,862,976
Less-accumulated depreciation	<u>2,730,486</u>	<u>2,849,082</u>
Net fixed assets	878,473	1,013,894
<u>Other assets:</u>		
Other	<u>185</u>	<u>185</u>
Total assets	<u>1,035,737</u>	<u>1,277,252</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Bank overdraft	-	7,926
Accounts payable	164,527	114,478
Other current liabilities	74,276	70,995
Note payable-Note 5	48,070	66,359
Line of credit-Note 5	<u>164,900</u>	<u>130,271</u>
Total current liabilities	451,773	390,029
<u>Net assets:</u>		
Unrestricted	542,710	870,564
Temporarily restricted	<u>41,254</u>	<u>16,659</u>
Total net assets	<u>583,964</u>	<u>887,223</u>
Total liabilities and net assets	<u>1,035,737</u>	<u>1,277,252</u>

The accompanying notes to financial statements are an integral part of such statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>			
Contributions	60,471	15,000	75,471
Fundraising	49,315	-	49,315
United Way	192,778	-	192,778
Grants	712,255	38,270	750,525
Membership and associate fees	275	-	275
Program service fees	52,449	-	52,449
Sales to public	10,455	-	10,455
Investment income-Note 7	15,594	-	15,594
Miscellaneous	20,999	-	20,999
Total support and revenue	1,114,591	53,270	1,167,861
<u>Net assets released from restrictions</u>	28,675	(28,675)	-
<u>Expenses:</u>			
Community programs	23,677	-	23,677
Health and education services	113,261	-	113,261
Women's crisis services	696,211	-	696,211
Children and youth services	334,882	-	334,882
Aquatics program	17,902	-	17,902
Administrative and fundraising	285,187	-	285,187
Total expenses	1,471,120	-	1,471,120
<u>Change in net assets</u>	(327,854)	24,595	(303,259)
<u>Net assets, beginning of year</u>	870,564	16,659	887,223
<u>Net assets, end of year</u>	542,710	41,254	583,964

The accompanying notes to financial statements are an integral part of such statements.

2005		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
114,299	-	114,299
78,206	-	78,206
204,604	-	204,604
775,761	25,000	800,761
545	-	545
56,945	-	56,945
19,896	-	19,896
10,029	-	10,029
21,942	-	21,942
<u>1,282,227</u>	<u>25,000</u>	<u>1,307,227</u>
25,370	(25,370)	-
27,627	-	27,627
132,724	-	132,724
709,429	-	709,429
350,420	-	350,420
-	-	-
<u>377,716</u>	<u>-</u>	<u>377,716</u>
<u>1,597,916</u>	<u>-</u>	<u>1,597,916</u>
(290,319)	(370)	(290,689)
<u>1,160,883</u>	<u>17,029</u>	<u>1,177,912</u>
<u>870,564</u>	<u>16,659</u>	<u>887,223</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2006

	2006		
	<u>Community Programs</u>	<u>Health and Education Services</u>	<u>Women's Crisis Services</u>
Salaries	-	39,774	397,555
Employee benefits-Note 3	-	1,585	26,364
Payroll taxes and insurance	-	6,074	37,808
Professional services	5,900	(89)	3,618
Supplies	10,547	198	9,364
Telephone	-	4,477	6,724
Postage	3,916	378	269
Occupancy	-	43,429	106,826
Equipment	-	-	1,696
Printing and publications	2,201	990	870
Travel and employee expenses	-	114	4,698
Conferences	898	-	2,098
Specific assistance	-	1,564	13,867
Dues	-	-	4,093
Interest	-	-	-
Insurance	-	6,354	28,935
Miscellaneous	215	-	23,680
Depreciation	<u>-</u>	<u>8,413</u>	<u>27,746</u>
Total	<u>23,677</u>	<u>113,261</u>	<u>696,211</u>

The accompanying notes to financial statements are an integral part of such statements.

2006

<u>Children and Youth Services</u>	<u>Aquatics</u>	<u>Administrative and Fundraising</u>	<u>Total</u>
221,079	9,503	115,125	783,036
14,542	-	16,259	58,750
20,469	954	24,076	89,381
102	-	11,282	20,813
2,935	333	8,518	31,895
2,736	-	6,556	20,493
119	-	3,127	7,809
22,180	7,112	14,042	193,589
1,502	-	8,142	11,340
1,294	-	2,224	7,579
6,209	-	7,254	18,275
1,357	-	585	4,938
-	-	-	15,431
1,550	-	7,476	13,119
-	-	19,227	19,227
9,864	-	14,353	59,506
85	-	14,919	38,899
<u>28,859</u>	<u>-</u>	<u>12,022</u>	<u>77,040</u>
<u>334,882</u>	<u>17,902</u>	<u>285,187</u>	<u>1,471,120</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2005

	2005		
	<u>Community Programs</u>	<u>Health and Education Services</u>	<u>Women's Crisis Services</u>
Salaries	-	52,394	386,871
Employee benefits-Note 3	-	1,271	28,140
Payroll taxes and insurance	-	7,581	37,467
Professional services	1,200	3,384	3,758
Supplies	19,980	1,255	10,222
Telephone	-	4,273	10,610
Postage	2,027	178	220
Occupancy	-	35,083	99,068
Equipment	-	-	5,098
Printing and publications	4,118	829	2,134
Travel and employee expenses	-	(12)	4,067
Conferences	-	-	2,980
Specific assistance	-	3,708	19,405
Dues	-	-	2,299
Interest	-	-	-
Insurance	-	13,762	20,122
Miscellaneous	302	135	42,789
Depreciation	<u>-</u>	<u>8,883</u>	<u>34,179</u>
Total	<u>27,627</u>	<u>132,724</u>	<u>709,429</u>

The accompanying notes to financial statements are an integral part of such statements.

2005

<u>Children and Youth Services</u>	<u>Administrative and Fundraising</u>	<u>Total</u>
209,243	189,943	838,451
7,263	8,050	44,724
23,051	24,335	92,434
1,128	21,828	31,298
5,359	14,222	51,038
5,264	3,959	24,106
538	1,940	4,903
33,744	12,678	180,573
9,073	10,426	24,597
3,051	2,807	12,939
9,443	5,550	19,048
919	1,470	5,369
15	500	23,628
-	16,920	19,219
-	11,888	11,888
7,838	24,944	66,666
136	10,410	53,772
<u>34,355</u>	<u>15,846</u>	<u>93,263</u>
<u>350,420</u>	<u>377,716</u>	<u>1,597,916</u>

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	(303,259)	(290,689)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation expense	77,040	93,263
Loss on disposal of fixed assets	8,833	-
(Increase) decrease in grants receivable	36,588	(29,273)
(Increase) decrease in employee receivables	2,594	(3,689)
Decrease in other assets	-	185
(Increase) decrease in prepaid expenses	(240)	5,979
Increase in accounts payable	50,049	90,485
Increase in other current liabilities	3,281	33,994
Total adjustments	<u>178,145</u>	<u>190,944</u>
Net cash (used) by operating activities	(125,114)	(99,745)
<u>Cash flows from investing activities:</u>		
Purchases of fixed assets	(10,452)	(89,457)
Proceeds from sale of fixed assets	<u>60,000</u>	-
Net cash provided (used) by investing activities	49,548	(89,457)
<u>Cash flows from financing activities:</u>		
Increase (decrease) in bank overdraft	(7,926)	7,926
Proceeds from line of credit	40,000	45,271
Repayments on line of credit	(5,371)	(15,000)
Repayments on note payable	<u>(18,289)</u>	<u>(17,418)</u>
Net cash provided by financing activities	<u>8,414</u>	<u>20,779</u>
<u>Net (decrease) in cash and cash equivalents</u>	<u>(67,152)</u>	<u>(168,423)</u>
<u>Cash and cash equivalents beginning of year</u>	<u>115,882</u>	<u>284,305</u>
<u>Cash and cash equivalents end of year</u>	<u>48,730</u>	<u>115,882</u>
<u>Interest paid</u>	<u>19,227</u>	<u>11,888</u>

The accompanying notes to financial statements are an integral part of such statements.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

AT DECEMBER 31, 2006 AND 2005

1. Nature of Operations

The Young Women's Christian Association of Northwest Louisiana, Inc. (YWCA or Organization) is a nonprofit organization established in 1925 located in Shreveport, Louisiana. The YWCA offers services to nine parishes throughout northwest Louisiana: Caddo, Bossier, Webster, Claiborne, Bienville, Red River, DeSoto, Sabine and Natchitoches. Services include counseling, education, physical fitness, social opportunities, advocacy, and temporary shelter to women and children of Northwest Louisiana. The Organization receives significant amounts of income from federal and state government grants, generally under third-party reimbursement plans.

2. Summary of Significant Accounting Policies

a) Financial Statement Presentation:

In 1995, the YWCA adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the YWCA is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of the YWCA and changes therein are classified and reported as follows, as applicable:

Unrestricted net assets-Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

Temporarily restricted net assets-Net assets subject to donor-imposed stipulations that may or will be met by actions of the YWCA, and/or by the passage of time. Such assets generally are restricted to certain programs operated by the YWCA.

Permanently restricted net assets-Net assets subject to donor-imposed stipulations that they be maintained permanently by the YWCA. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes. The YWCA currently has no permanently restricted net assets.

b) Contributions:

The YWCA also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.

c) Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

2. Summary of Significant Accounting Policies (Continued)

The YWCA uses the allowance method to determine uncollectible unconditional promises receivable, when material. The allowance is based on prior years' experience and management's analysis of specific promises made.

d) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Fixed Assets:

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight line and 150% declining balance methods over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Furniture, fixtures, and equipment	5-7 years
Buildings and improvements	10-40 years

Donated property and equipment are reported at their estimated fair market value at the date of gift. All property and equipment costing \$500 or more are capitalized.

f) Cash Equivalents:

For purposes of the statement of cash flows, the YWCA considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

g) Advertising Costs:

Costs of advertising are expensed as incurred. Such costs approximated \$2,200 during 2006 and \$5,300 during 2005.

h) Compensated Absences:

Annual leave is earned by employees as follows:

<u>Length of Service</u>	<u>Annual Leave Earned</u>
One year	None
Two years	One week
Three to five years	Two weeks
Six to nine years	Three weeks
Ten years and over	Four weeks

Generally, unused annual leave may be carried over to the next year, but may not exceed the employee's annual leave allowance.

Sick leave is earned at the rate of one day per month of employment, and accumulates up to forty days. Employees are not compensated for unused sick leave at termination.

3. Retirement Plan

The YWCA participates in a multi-employer, defined benefit retirement plan through the National YWCA. The plan is available to employees who meet length of service requirements. The total amount contributed by the YWCA to the plan in 2006 and 2005 was approximately \$49,900 and \$32,500, respectively.

A summary of the National YWCA plan is presented below. Participants should refer to the Plan documents for more complete information.

Each participant is entitled to receive an actuarially determined monthly pension commencing at normal or early retirement. The following information is based upon the actuarial valuations of December 31, 2005 and 2004, which is the most recent data available. The plan year end is December 31. Life expectancy of participants is based on the 1995 Buck Mortality Table, with retirement assumed to occur, on average, at age 64. The assumed rate of return on investments, and the discount rate, was 5.5%.

	<u>2005</u>	<u>2004</u>
Vested benefits:		
Participants currently receiving payments	100,350,000	104,766,000
Active and terminated participants	<u>211,449,000</u>	<u>214,301,000</u>
	311,799,000	319,067,000
Nonvested benefits	<u>2,383,000</u>	<u>1,920,000</u>
Total actuarial present value of accumulated plan benefits	<u>314,182,000</u>	<u>320,987,000</u>
Net assets available for pension benefits	<u>461,372,000</u>	<u>440,939,000</u>

4. Grants Receivable

Grants receivable are summarized by source, as follows:

U. S. Department of Housing and Urban Development	8,477	8,081
State of Louisiana	61,680	108,122
City of Shreveport	15,709	13,540
Other	<u>9,444</u>	<u>2,155</u>
Total	<u>95,310</u>	<u>131,898</u>

5. Note Payable

The YWCA executed a note to Capital One Bank in June of 2003 for \$108,339, which accrues interest at an annual rate of 4.83%. The note is payable upon the lender's demand. In the event no demand is made, or up to the point at which such demand is made, payments of \$1,761 are made monthly through May of 2009. The outstanding principal balance of the note amounted to \$48,070 and \$66,359 at December 31, 2006 and 2005, respectively. Future maturities of the note, in the event the lender does not utilize its right to demand payment, are as follows:

2007	19,206
2008	20,165
2009	<u>8,699</u>
	<u>48,070</u>

The note is secured by the land and building at the Travis Street location, which has an approximate book value of \$337,000 at December 31, 2006.

5. Note Payable (Continued)

The Organization also maintains credit lines totaling \$230,000. The terms of these credit lines specify variable interest (8.25% and 14.25% at December 31, 2006), unsecured, due on demand, and minimum monthly payments of accrued interest. The outstanding balance on these credit lines was \$164,900 at December 31, 2006 and \$130,271 at December 31, 2005.

Except for \$34,900 outstanding on line of credit debt at December 31, 2006, all notes payable of YWCA were refinanced on June 4, 2007. Such refinancing, including additional borrowings, resulted in a new note payable of \$275,000 at Wall Street Journal prime (8.25%), due on demand, and secured by the land and building at the Travis Street location.

6. Conditional Promises

Conditional promises consist of the unfunded portions of approved governmental awards or other grants, either currently in effect or approved for commencement after December 31, 2006. Future funding of such awards generally is conditioned upon the Organization's operation of certain programs, incurrence of certain costs, and meeting certain matching requirements. Because such awards represent conditional promises to the YWCA, they have not been recognized in the financial statements at December 31, 2006. Such conditional promises amounted to approximately \$168,000 at December 31, 2006, and \$194,000 at December 31, 2005.

7. Investment Income

Investment income consists of interest earnings, and realized and unrealized gains and losses in mutual funds underlying investment cash.

	<u>2006</u>	<u>2005</u>
Interest	1,057	4,771
Realized and unrealized gain	<u>14,537</u>	<u>5,258</u>
	<u>15,594</u>	<u>10,029</u>

SUPPLEMENTARY INFORMATION

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June 22, 2007

The Board of Directors
Young Women's Christian Association of
Northwest Louisiana, Inc.
Shreveport, Louisiana

Independent Auditor's Report on Supplementary Information

We have audited the financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc. as of and for the year ended December 31, 2006, and have issued our report thereon dated June 22, 2007. These financial statements are the responsibility of the Young Women's Christian Association of Northwest Louisiana, Inc.'s management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with these standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Young Women's Christian Association of Northwest Louisiana, Inc. taken as a whole. The accompanying supplementary information on Page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heard, McElroy & Vestal, LLP

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YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

SCHEDULE OF REVENUE AND EXPENSES UNDER IOLTA GRANT 2006-0047

FOR THE YEAR ENDED DECEMBER 31, 2006

Revenue:

Contributions from grants	10,355
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Expenses (legal aid):

Professional salaries	7,456
Fringe benefits	1,864
Administrative costs	<u>1,035</u>
Total expenses	<u>10,355</u>

Change in net assets

-

NOTE: The grant funds from IOLTA are classified as unrestricted in the statement of activities on Page 3 because the use restrictions on these funds were met during the same year as the funds were received.

OTHER REPORTS

June 22, 2007

The Board of Directors
Young Women's Christian Association
of Northwest Louisiana, Inc.
Shreveport, Louisiana

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards

We have audited the financial statements of Young Women's Christian Association of Northwest Louisiana, Inc. (YWCA), as of and for the year ended December 31, 2006, and have issued our report thereon dated June 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered YWCA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YWCA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of YWCA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. These deficiencies are numbered 2006-01 through 2006-03.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YWCA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vental, LLP

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2006

I. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Young Women's Christian Association of Northwest Louisiana, Inc. (YWCA).
2. Three significant deficiencies, none of which are material weaknesses, are reported.
3. No instances of noncompliance were disclosed during the audit..
4. YWCA was not subject to a Federal Single Audit for 2006.

II. Findings - Financial Statement Audit

2006-01 Significant Deficiency

Condition: There was a lack of reconciliation of certain grant-related receivables on a timely basis during the fiscal year.

Criteria: All grant receivables should be monitored on a monthly basis and compared to related cash receipts. Any indicated adjustments should be made so that the receivable accounts match the underlying billing records.

Effect: Client personnel time was necessary to review and adjust the 2006 books to grant records for certain grant receivables, which slowed the audit process.

Recommendation: We continue to recommend that all grant revenue and receivable records be monitored and reconciled to the underlying records on a monthly basis.

Management Response: We agree with the recommendation, and have made some progress during the year in performing timely reconciliations.

2006-02 Significant Deficiency

Condition: Passwords used to control access to computer workstations apparently are not changed at regular intervals. There is no entity-wide policy on password maintenance that requires such changes.

Criteria: Computer security relies heavily on the use of passwords to control user access to the system. This security is strengthened when user passwords are changed at regular intervals to prevent such passwords from being acquired by unauthorized personnel.

Effect: Stale, unchanged passwords increase the probability of their predictability or unauthorized use, and therefore increase the likelihood of unauthorized access to various data systems.

Recommendation: We recommend that the YWCA adopt a written policy dealing with password security, and require that each user change his password each six months.

Management Response: We agree with the recommendation and will implement such a requirement.

2006-03 Significant Deficiency

Condition: Reconciliations of the cash account were not completed until audit fieldwork began, approximately five months after the entity's year-end.

Criteria: Reconciliations of cash accounts should be performed at least monthly, so that the entity's books reflect the actual amount of cash available.

Effect: Operating cash was overstated by approximately \$17,500 at the end of the year. This was adjusted as part of the audit process.

Recommendation: We recommend that all cash accounts be timely reconciled and adjusted, at least once per month.

Management Response: We agree with the suggestion, and will ensure that such accounts are timely reconciled.

III. Findings and Questioned Costs - Major Federal Award Programs

Not applicable.

YOUNG WOMEN'S CHRISTIAN ASSOCIATION OF NORTHWEST LOUISIANA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2006

2005-01 Submission of audited financial statements after six-month deadline

Resolved

2005-02 Lack of timely reconciliation of grant revenue and receivables

Partially resolved

2005-03 Delinquent payments on payroll taxes

Resolved